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# THE FINANCE COMMISSION

OF THE

## CITY OF BOSTON

Mar 8, 1941

REPORT TO THE LEGISLATURE FOR THE  
YEAR ENDING DECEMBER 31, 1940



CITY OF BOSTON  
PRINTING DEPARTMENT  
1941



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# REPORT TO THE LEGISLATURE.

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BOSTON, January 31, 1941.

*To the Honorable the Senate and House of Representatives  
in General Court Assembled.*

In accordance with section 18 of chapter 486 of the Acts of 1909, the Finance Commission of the City of Boston submits its annual report for the year 1940.

## I. ORGANIZATION OF THE COMMISSION.

There were no changes in the membership of the Commission during 1940. Mr. Elias F. Shamon, who was originally appointed on December 13, 1939, to serve an unexpired term, was reappointed for a term of five years on August 21, 1940.

## II. APPROPRIATION AND EXPENDITURES.

In accordance with the provisions of chapter 486 of the Acts of 1909, as amended, the Mayor and City Council appropriated \$5,000 for the salary of the Chairman and \$45,000 for the general expenses of the Commission. The City Government made special appropriations totaling \$31,500 for the investigation of the Boston Elevated Railway Company. All of the expenses for the investigation of the Boston Elevated Railway Company from its beginning in August, 1939, to May 1, 1940, were paid out of the regular Finance Commission appropriation. Expenses for the period from May 1 to December 14, 1940, were paid from special appropriations granted by the City Government. Expenditures from December 14, 1940, to the end of the fiscal year were charged to the Finance Commission's regular appropriation, to which the Mayor and City Auditor transferred an additional sum of

\$1,500 on December 31, 1940. The total spent in 1940 for this investigation from these sources is divided, therefore, as follows:

1940 Regular Finance Commission Appropriation,	\$10,393 03
1940 Special Appropriations and Transfers . . . . .	31,076 30
1940 Total Expenditure . . . . .	<u>\$41,469 33</u>

The classification of the Commission's entire expenditures for 1940 follows:

Permanent employees . . . . .	\$32,210 57
Printing and binding . . . . .	818 02
Transportation of persons . . . . .	40 20
Light and power . . . . .	115 31
Rent . . . . .	5,111 25
Communication . . . . .	384 65
Cleaning . . . . .	72 00
Stenographic, stencils . . . . .	6 00
Fees . . . . .	21 00
Photographing and blueprinting . . . . .	50
Miscellaneous items and repairs . . . . .	33 00
Office equipment . . . . .	136 56
Library equipment . . . . .	123 00
Office supplies . . . . .	479 16
Ice . . . . .	43 50
Miscellaneous supplies . . . . .	12 25
Special investigations . . . . .	41,469 33
Total expended . . . . .	<u>\$81,076 30</u>
Amount appropriated in accordance with statute,	\$50,000 00
Additional appropriation for special investigations,	31,500 00
Total credit . . . . .	<u>\$81,500 00</u>
Total expended . . . . .	<u>81,076 30</u>
Balance unexpended . . . . .	<u>\$423 70</u>

### III. WORK OF THE COMMISSION.

In 1940 the Finance Commission continued the policy of informing itself of contemplated executive acts before

the City becomes committed to expenditure. Suitable inquiry into details was made to the extent which the facilities of the Commission permitted. Whenever the inquiry produced information important to the proper handling of city business, it was promptly offered to those in charge of city administration. Included in this type of work was the examination of

1. orders for purchase of materials, supplies and equipment,
2. orders for work without contracts,
3. specifications and contracts and methods of award of them.

The Commission has also continued to inspect the construction of public works, and the repair and maintenance of city plant; also to co-operate with many city agencies in consideration of methods and means of administration. It is significant to record that not only has the Commission's co-operation apparently been welcomed when offered, but that it has often been solicited. More and more in each year departmental officials are recognizing that the Finance Commission was created to help them, and are looking to the Commission for help.

The amount of labor entailed in a comprehensive examination of city work may be appreciated from the fact that approximately 75,000 orders for work or purchase come to the City Auditor yearly. Under the city's administrative system these orders must be approved by the City Auditor before issuance to a vendor. The Auditor approves issuance only after establishment of the right to spend for the purpose described, and if satisfied that the prices to which the City is committed by the orders are proper. It is in the latter consideration that the Finance Commission's work is most important.

Although the formal reports made by the Commission during 1940 were not so numerous as in some other years, they were the result of long studies, and made up in substance for the deficiency in numbers. With proper



co-operation between the Finance Commission and the city administrators, the Commission's work becomes mostly that of preventing unwise outlay and improving departmental efficiency. Formal reports are necessary only to reveal the disclosures of comprehensive surveys.

The facilities of the Finance Commission are such that these formal reports must be few in number in each year, if the very important work entailed in the examination of executive orders before issuance is not to be neglected.

The Finance Commission offers the following comments on some of the more important undertakings during the year:

#### 1. THE BOSTON ELEVATED RAILWAY INQUIRY.

Accountants and engineers have been engaged during most of the past year in a painstaking examination of the books and records of the Boston Elevated Company under the direction of the Finance Commission's special counsel, Timothy F. Callahan. The results of this examination will be made known shortly.

#### 2. THE COUNTY INSTITUTIONS.

Within the past few years reports alleging the existence of scandalous conditions in the Suffolk County correctional institutions have seriously disturbed the public's peace of mind. Waste, extravagance, loose control or lack of control, favoritism in treatment of prisoners, and many other charges were made by one group of investigators or another. They produced a temporary sensation. Much was spoken, much was written about them. The man in the street, the speaker on the public platform, writers in the local press and even in the national magazines all took a fling at them. Before long, however, new sensations replaced them in public discussion. Even reports of scandalous conditions in institutions of other counties and other states helped to take the spotlight away from the Suffolk



County institutions. The Finance Commission believes that sufficient time has now elapsed to permit of a more objective discussion.

To judge the administrative quality of any institution by the cold figures of its expenditure is likely to lead to false impressions. In comparison of costs some county institutions in Massachusetts show up much better than others. It does not necessarily follow, however, that the reason for the difference in cost is that the administrators in those institutions which show up best in per capita expenditure try any harder to manage well or with more honest purpose than do those in the institutions which show up less favorably. Size, location, area, character of inmates, industrial activity, average length of stay of inmates, physical condition of inmates during term of imprisonment, and physical condition of the prison plant itself affect vitally eventual cost quite as much as the capabilities of administrators and the degree of inclination to provide good management. Nevertheless, the managers of some county correctional institutions appear to be doing an effective job at low cost. The example set by them should be copied, and the good results obtained should be the objective of the managers of all others.

The Finance Commission and others have revealed that the House of Correction for Suffolk County at Deer Island is far from being a model institution. The Commission contends that under present laws, customs, and political conditions, and in its present physical condition it can never be a model institution.

The responsibility for management in this institution is complicated by a spread of authority among many official agencies. Under general county law, a warden or a keeper is given charge of each jail. In Suffolk County the corresponding official is known as the "Master of the House of Correction." However, the "Master" in Suffolk County is subordinate to a Boston Penal Institutions Commissioner who is the responsible head of a city department the major function of which

is the operation of the House of Correction. The Master of the House of Correction, therefore, can administer the affairs of his institution only to the extent which the Penal Institutions Commissioner permits. The Mayor of the City appoints the Penal Institutions Commissioner and can dismiss him at will; therefore, the Mayor's desires in House of Correction management must be reckoned with by both the Penal Institutions Commissioner and the Master. The City Council has joint authority with the Mayor in making appropriation for the House of Correction. The Council also has the duty to inspect it from time to time. When performing either of these functions, the City Council has broad power of investigation. Therefore, the City Council's desires in House of Correction administration must also be reckoned with by the Master. State officialdom comes into the picture. The State Commissioner of Correction has complete control of industry at the House of Correction and has supervisory authority over other details of operation. The State Commissioner, therefore, must be reckoned with by the Master. Such division of control makes efficient administration difficult if not impossible.

Another cause of the serious situation on the Island lies in the character of the inmates. The courts decide what convicted persons will be sent to the House of Correction, and the Master must take whoever is sent there whether the person really belongs there or not. The Finance Commission has repeatedly revealed that the type of persons committed to the Deer Island House of Correction accounts in no small measure for its unfavorable operating record and for its poor results in reforming criminals. The statutes, supposedly, determine the types to be sent to particular jails. Prison officials of long experience have claimed for years that almost half the inmates at Deer Island belong in other institutions, some in State Prison, some in state hospitals. This is often due to the fact that judges or juries in Suffolk County convict for a lesser degree of

crime than was apparently committed. In many such instances a person who might be classified as a dangerous criminal is thus sent to an institution which was not developed to handle a case of this character.

Justice tempered with mercy now decrees that unless conviction is for a very serious crime, or the convicted person is a persistent offender, he must be given another chance. The present workings of our highly developed probation system, and the legalized custom of suspending sentence eliminates the actual commitment to Deer Island of the majority of light offenders. Because of these factors too large a proportion of those forced to sojourn in the Deer Island House of Correction for any great length of time are not of the type which this simple "workhouse" was intended to contain. Yet, Suffolk County House of Correction has only the ordinary facilities of "a workhouse", and has little real work for all because of the large number of inmates and the peculiar condition of the plant.

Serious offenders and mentally weak malefactors require a great deal more care, and cost more to keep than light offenders. They must be more closely guarded. Their prison comfort must be given more attention. Men undergoing long periods of penal servitude, with its prospect of facing trial for other crimes when the current sentence is served, are less likely to be satisfied with conditions less than perfect than those who are there for a short stay only. Dissatisfaction with prison fare, or warmth, or service of various kinds is always likely to result in serious trouble. It requires greater financial outlay, therefore, to keep hardened offenders peaceful, and sick prisoners satisfied.

Yet the physical condition of the Deer Island House of Correction has been unsatisfactory for many years. The buildings are old and scattered, and have been poorly kept because funds have not been ample for suitable maintenance. Prisoners of all types are mingled without proper segregation. When the institution was constructed, it was not foreseen that the dangerous

character of so many inmates would ever make it necessary to segregate the population by types, and house and work and guard them accordingly. Therefore, facilities for such segregation were not provided.

Boston taxpayers are imposed upon by special legislation which requires them alone to bear the cost of operation of the House of Correction of Suffolk County despite the fact that other municipalities make use of it.

The Charles Street Jail is another Suffolk County institution, serving a purpose very similar to the intended purpose of the House of Correction, yet its direct management is in other hands. Within a few years the Finance Commission made a survey of its administration. While no evidence of scandalous conditions was found at that time, management methods were not of the best. Although report of that survey was made a public record and was sent to official agencies having responsibility in one way or another for the management of the Jail, the danger signal it contained was not heeded. The now partially forgotten jail scandal of 1939 might have been averted had adequate attention been given to the disclosures by the Finance Commission of flaws in its management methods.

When public interest in this 1939 Jail scandal was at its height, a controversy arose between city and state officials as to who was responsible. To many informed observers, it was like "the pot calling the kettle black". Several had control or jurisdiction in some form or other, but all had neglected to exercise it.

In this situation the Finance Commission made an attempt to obtain action which would result in eliminating the possibility of a repetition of the situation. The Commission made an exhaustive study of the statutes relating to management. It was extremely difficult, if not impossible, to analyze and reconcile the numerous statutory enactments relating to the subject. Many officials had been given supervisory power over this institution, and this fact was used as excuse by each of them for any failure to do his duty. The present



conglomeration of statutes relating to the Jail is the result of one hundred years of tinkering here and there with the law.

There is no question but what the laws need revision, codification, and clarification. Any one of three public agencies, viz., the City Law Department, the State Attorney General's Office, or the State Department of Correction, might properly assume it to be its duty to undertake this revision. None, however, has moved in that direction. Governor Saltonstall has now begun action along this line by reference of the report of the Finance Commission thereto to the Legislature.

The Finance Commission believes that if the state is not to acquire the Deer Island House of Correction, there should be an entire reorganization of the control of the Charles Street Jail and the House of Correction. Both should be operated by one and the same agency. Such a reorganization can only come by way of a revision of the laws relating to them.

### 3. MERIDIAN STREET BRIDGE.

The Finance Commission has spent considerable time and energy during the past two years in efforts to obtain reasonable improvement in the bothersome conditions relating to the ancient bridge between East Boston and Chelsea known as the "Meridian Street Bridge." This bridge has been a part of a main highway to Boston from Chelsea for almost a century.

It was originally built in 1856 and much of the original structure is still in use. A temporary draw was built in 1912 and that also is still in use.

The poor condition of the structure and the difficulty it presents to safe navigation through the draw have been causes of annoyance for many years.

City bridge officials have been worried by the fear that parts of it might collapse. Ordinarily, fifteen years is about as long as it is safe to use a temporary draw bridge. This temporary draw is now twenty-nine years old.

Heavy use is made of the bridge by ordinary vehicular and pedestrian traffic, and also by the trolley transportation companies which have served Chelsea. The main trolley lines from Chelsea to Boston make the crossing here to be routed through the East Boston trolley tunnel to Boston Proper.

Waterbound transportation in Chelsea Creek is extensive and serves many oil refineries and storage plants. Shipping interests have had justifiable cause for complaint in the situation. Safe passage through the drawspan of the bridge has been difficult, though few accidents have occurred. Navigators, however, have complained that the danger of accident is greater than they should reasonably be expected to encounter.

Local war department engineers brought the situation to a head by ordering the City to provide a new and wider horizontal clearance at this point in the Creek. In substance, this order meant one of two things. Either the present bridge must be razed and not replaced, or must be replaced by a bridge of a type which would cost much more than the City of Boston can afford to pay.

The Finance Commission encouraged the Mayor to seek modification of the war department's order. The Commission enlisted the cooperation of organizations and individuals interested in civic betterment in an effort to convince the department that the physical condition of the present bridge can be improved and the difficulty of navigation in the Chelsea Creek at that point can be eliminated by a less expensive method than that called for by the order.

The combined forces, thus organized, secured a reopening of the matter which took the form of a further hearing at which the City's case could be presented. The hearing was held and at that time Public Works Department officials offered several alternative plans, any one of which would cost much less to execute and would give a measure of safety both to the users of the highway and to the navigators in the Creek.

When all who desired had expressed their views, it was decided that city engineers and war department engineers would confer "in chambers" and work out a solution satisfactory to all parties to the situation. There the matter still rests. There have been no conferences on this matter since the date of the hearing, December 17. Other matters considered of more importance to the National Defense Program have superseded it in discussion between city and federal agencies. A drastic order, compliance with which might entail expenditure of millions, therefore, still faces the City.

City administrators have often complained that organizations interested in civic betterment confine their efforts to criticism of city expenditure. In this particular situation, it was the united representations made by the civic agencies more than anything else which created the opportunity for the City to obtain a compromise with the War Department. Since the original order is still outstanding, the next move is now up to the city administrators.

One consideration which the Finance Commission believes the city administration should keep well in mind in negotiations with the War Department is that no large sum of money should be invested in any make-shift plan. Such an alleviation of the present situation will only make certain that the City will be facing the same situation all over again within a year or two.

Because of the locus of the bridge, and its importance as a communicating artery between facilities needed for National Defense, the Finance Commission has suggested that the City of Boston seek as an element in a suitable solution financial aid from all beneficiaries of a bridge at this point. The Federal Government, the State of Massachusetts, the municipalities along the Creek, and the oil companies which make almost exclusive use of Chelsea Creek, all have vital interest in the situation. The possibility of obtaining financial assistance from all of these interests has not been sufficiently explored. The Commission believes that adop-



tion of any definite plan to strengthen the Meridian Street Bridge and to ease navigation in Chelsea Creek should depend on who is going to pay for it.

#### 4. CENTRALIZATION OF CITY LAUNDRY WORK.

The annual laundry bill of the City of Boston runs well into six figures. It consists of many items of expenditure, such as pay rolls for operators of laundries, bills for purchase and maintenance of equipment, for maintenance and repair of buildings, and for trucking, as well as bills from private launderers for cleaning towels, coats, uniforms, bedding, blankets, etc.

Each city and county institution operates its own laundry plant. The work of each plant is confined to the laundry of the institution of which it is a part. Other city departments pay private contractors for laundry work in large or small amounts. In some instances the work is given to the lowest bidder in public competition. In others it is given without competition to the most influential salesman who solicits it.

Complaints often reached the Finance Commission that some city or county laundry plants were inadequate, or were little used; that some were unduly expensive to operate or were in a dilapidated condition. Competitive laundrymen complained that prices for work given out without competition were excessive, and that no effort was made to obtain the best prices by obtaining competition for the consolidated business of the City.

None of these complaints was of merely recent origin. Some of them were pressed so strongly a decade ago that when a new laundry plant was being planned for the City Hospital, it was decided to make room in the plant for not only a consolidation of the laundry work of the City Hospital and all its divisions, but to take on the work of some other city departments. The plant was built accordingly, but no consolidation of

work followed. The new hospital laundry handles only the laundry of the main hospital building, yet complaint still comes that the cost is greater than ever, and that the laundry service is inadequate. Hospital executives and laundry executives have at different times and places blamed each other for the situation. The traditional hospital custom of divided authority has prevailed here also.

Because of the volume of complaint relating to the laundry business of the City generally early in 1940 the Finance Commission undertook to find a remedy. The Mayor's Survey Committee had sponsored a survey of the city laundry business by a recognized expert in laundry operation. He had reported that, by a transfer of laundry machinery, from institutions where it was not needed or was not giving maximum service, to more advantageous locations, by the purchase of some new equipment, and by a general reorganization of the laundry work, including the application of the city hospital plant to the use for which it was intended by its planners, substantial savings could be made and service complaints eliminated. He reported that an expenditure of \$114,000 for reorganization and new equipment would effect an annual saving of \$49,000.

The Finance Commission tried to obtain action on this report by sponsoring a conference with the Mayor, the Survey Committee, the expert who had made a study for the Survey Committee, and one retained by the City Hospital executives. It was the unanimous conclusion of this conference that the city hospital laundry could be expanded to include the work of all its own divisions and the work of some other departments. However, the question of who would operate the expanded laundry was never satisfactorily settled. The Finance Commission contended that, since the city hospital executives had proven incapable of providing satisfactory laundry service for its own needs, the control of this plant should be vested in some other department or official, preferably the Park Commis-

sioner, because he had furnished the laundry service to his department in a satisfactory manner.

Hospital executives interposed objection to the whole plan. Specious arguments were offered against it, the most serious of which was that the mingling of hospital laundry with that of other departments would spread disease. Laundry experts, including the expert employed by the hospital executives, disputed this claim. Experience in many outside hospitals has already disproved it. Experience in the Boston City Hospital disproved it because the present hospital laundry has laundered the linen used by patients with every variety of disease without having spread infection. Nevertheless, this attitude of the Hospital Trustees slowed up efforts to obtain the improvement sought.

Another expert was later brought into the picture by the Survey Committee. Whereas the first expert showed how \$49,000 per year could be saved by an outlay of \$114,000, the second one showed how \$110,000 could be saved by an expenditure of \$45,000. In either case the saving would pay the cost of new equipment in short time.

Some improvement has resulted from the Finance Commission's efforts. Some institutions have been given machinery which they badly needed, and which they could utilize to better advantage than its previous possessor. However, the Commission's main objective, namely, to centralize laundry work in the city hospital plant, which is capable of handling much more work if properly organized, has not yet been achieved.

## 5. THE POLICE DEPARTMENT.

The Finance Commission made two reports relating to police cost during the last year. In the first, the Commission confirmed the oft expressed opinion that Boston police cost is high when compared with the cost in the other large cities of the country, though it revealed that it does not necessarily follow from this fact that police cost in Boston is unjustifiably high.

In the second report, however, the Finance Commission disclosed that there are many opportunities for readjustment of the man power in the Boston Police Department which would reduce the total police cost.

What prompted the Finance Commission to make this survey was the request of the Police Commissioner for a sizable increase in patrolmen. The validity of his claim was dependent on the contention made by him and his predecessors that the all-time high of 2,149 patrolmen found in 1930 was the proper quota and the number to which he was entitled.

Historical analysis shows the weakness of this contention. Such an analysis discloses that from the beginning of the single commissionership in 1906 the number of patrolmen had rapidly increased until the all-time high of 2,149 was reached in 1930. Only then did anything like reorganization and efficient assignment of men take place. From 1930 on, the Department operated successfully with less men because thought had been given and steps taken to modernizing police technique. Thus it appears that the organization changes in the Department greatly reduced the number necessary to staff the Department.

Furthermore, as the survey of the Police Department's actual operation progressed, the full realization of the relation of personnel needs to organization and program became more and more obvious. Examination of the assignment of every man in the Department revealed that there are certain structural defects in the organization, and that many activities on the work program of the Department cannot be called proper police work, yet absorb much man power.

Nevertheless, many people want some specific number set as the number of patrolmen necessary for the needs of the Department. Such a thing is impossible to work out at this time. In the first place, there is no such thing as a formula for determining adequate patrol strength; secondly, and this is most important, not even a proper minimum or maximum can be set so



long as the Department carries on a work program which goes beyond the proper scope of police work.

Reductions in the number of patrolmen will result from trimming the present program down to actual protective patrol needs. Such reductions will be further increased by adoption of certain suggestions contained in the report, namely: that respective functions of the hierarchy of officials in the Department bear a closer relation to their titles and that certain defects caused by an overlapping and duplication of functions be corrected.

The Commission suggested that it might be a good plan to adopt the policy of periodic rotation of the man power. The police officials have always boasted that theirs is a military organization. That being so, military methods should prevail. One policy which military organizations have found necessary to discipline, education, efficiency, and good order, is the policy of rotating officers periodically. It might promote efficiency in the Police Department to try it. It might well result in less cost.

The Finance Commission has analyzed the Police Department assignments and indicated the necessary improvements. It now remains for the Police Department to "see the light." Many outside and inside the Police Department have indicated whole-hearted sympathy with the objective of the Commission in this study, which was to try to discover ways by which the police cost can be reduced. The demand for reduction is more or less unorganized, but is nevertheless substantial, and will continue until better results are shown.

One feature of the Commission's findings which has been discussed very freely by the public since issuance of the report relates to the "junior police." Some competent observers hold the opinion that the various activities of this organization are not such as a police department should sponsor and manage. Some also hold the opinion that, if substantial results of the kind desired are to be obtained by police management of this organization, it will require a much larger personnel of

police officers than the city can afford to provide. On the other hand, opinion favorable to continuance of the present "junior police" program by the police department has been expressed by others.

The Finance Commission presented the facts about it for the purpose of directing public attention to it, and to provide wide discussion of it. As is true of almost every kind of service the city attempts to give, and of many other kinds which are advocated from time to time, the objective of the "junior police" program is a good one. However, the proper place for it in governmental administration, the ultimate cost of it, the possibility of obtaining results which will justify the cost, and the ability of the city to pay for the cost should be carefully considered.

The Police Commissioner expressed entire satisfaction with the Finance Commission's discussion of the "junior police" before the report was given to the public.

## 6. INVENTORY OF CITY EQUIPMENT, SUPPLIES AND MATERIALS.

Three years ago the Finance Commission revealed in a report to the Mayor the necessity of installing an inventory system for the City. It must have surprised many to learn in that way that the City of Boston was spending millions every year for the purchase of supplies, materials and equipment without knowing what actually happened to such purchases. It was not only that the accounting methods of the City did not contain a modern inventory system, but that it had no inventory system at all.

There was no place where anyone could go except to the bills on file in the Auditor's Office to obtain reliable information of what had been purchased. There was no centralized record of what had been consumed in city work, or remained the property of the City. The Auditor, without funds or facilities to make an actual inventory, had for years made a list of the

equipment owned by the City a feature of his annual report. This list was made up each year and furnished to the auditor by the departments individually. No use was made of it other than publication in the Auditor's annual report. Some department officials attempted to furnish accurate lists. Others were less conscientious. Yet no question was ever raised as to the accuracy of the lists furnished, and no comparison of the lists from year to year was ever made for the purpose of ascertaining whether the City still possessed all the property which it should have. There was no reference to the current list when new purchases were sought.

In showing the need of a modern inventory system the Finance Commission used the striking illustration of one city department buying a steam roller while steam rollers were rusting in the yards of other departments. Similar disregard of opportunity to obtain equipment without new purchase was often repeated. At the time of the Finance Commission report, tools — large and small — were being purchased by the thousands for W. P. A. projects as well as for regular city maintenance. There was no system to account for the use or disappearance of any of it. If a department head wanted to know what equipment was actually existent in his department, it was a special task to investigate and count and list. He had no other means of knowing what should be there. It is well known that often in the past some contractors were spared the necessity of buying their own equipment by having access to city equipment.

The City Auditor began the compilation of this long needed accessory to businesslike management, an inventory, by directing a W. P. A. project to list all articles of furniture and office equipment and to label them as city property. He installed a system of recording new purchases of that type of articles, and elimination of it by any means. This system will provide a record of the property the City possesses at any particular time only if care is taken to maintain its



accuracy. Conceivably it can reduce city operative costs if use is made of it when funds are requested for departmental maintenance and requisitions for purchase are being scrutinized. It must be available to, and used by budget making authority, and purchasing authority.

A reliable inventory of consumable supplies and materials is no less important. A step in the direction of providing one has been taken, but to date it has amounted to little more than a step. An accounting firm has been hired to prepare a W. P. A. project to lay out and install a system. The local representatives of the W. P. A. have eventually approved the form of the project. That is as far as it has progressed. Approval by higher officials of the W. P. A. in Washington has not yet been forthcoming.

It is estimated that the installation of a reliable inventory system for the City of Boston will cost upwards of \$100,000, which it is hoped the Federal Government will advance.

#### SNOW REMOVAL.

The blizzard which visited Boston on St. Valentine Day of 1940, generally regarded as the worst snow-storm the City has experienced in the last half century, provided a severe test of the city's snow removal forces. On the whole they failed to meet the test.

After making due allowance for the lack of warning of the storm, the heavy fall of snow, and the gale which accompanied it, resulting in the worst piling up of snow on streets and sidewalks witnessed since the blizzard of 1898, the fact nevertheless remains that clearance was unnecessarily slow and its cost unwarrantedly high.

For the first time in decades business in the City Proper was completely suspended for almost twenty-four hours after the snow ceased falling. For many days more, merchants, shoppers, artisans, men of all professions, had the greatest difficulty in moving about in their ordinary pursuits. The streets were practically impassable. After three or four days, the central

business areas were cleared sufficiently to allow complete resumption of business, but the residential streets were clogged with snow piles for a week or ten days thereafter. Many thousands of dollars were paid to shovelers who did little shoveling, for trucks which could not plow, for shovel equipment which disappeared almost as soon as issued to workers.

The city administrative organization was unprepared for such a visitation of nature. The meager forces ordinarily assembled to clear up after a storm were totally inadequate for this emergency. Even such as they were, they were not brought into use until too late to accomplish quick relief.

To cope with any sizeable storm a comprehensive plan of attack must be carefully prepared in advance, and executed in the emergency with swift and sure judgment if the public interest is to be adequately safeguarded. The Finance Commission found that at the time of last year's storm there existed no carefully worked out method of attack which could be put into operation immediately after the intensity of the storm was realized. Furthermore in many important respects, the judgment of city officials in directing clearance was seriously at fault.

The Finance Commission made a careful survey of the conditions the City faced and how they were met, and reported its findings. This report emphasized that the city administration must immediately work out a plan which would prevent a repetition of such an experience and offered many suggestions in relation thereto. Eventually, a plan embracing a more scientific organization of the city forces and a more reliable method of obtaining assistance was developed. Although the suggestions of the Finance Commission were adopted only in part, nevertheless the Commission was satisfied that, with capable supervision and with the exercise of good judgment by directing authorities, the new plan would make prompt clearance possible after any storm Boston is likely to experience.

A test was given to the new system in the ten-to-twelve-inch snowfall of January 24 and 25 of this year. The results were unsatisfactory. Fortunately for business and industry in the City, the storm came at the week end and, when business would naturally be on a holiday. Fortunately also, what wind there was with the storm did not force the snowfall into huge packed drifts as was the case in the February 14, 1940, storm.

The plowing of streets was ordered early enough, but the actual plowing was inadequate. The start of the removal was unreasonably delayed. The result was that there was complete clearance within a short time only in a few spots in the central business section. In the majority of the streets in the central business section and generally in the residential sections for several days people were forced to plod through four to eight inches of heavy snow. The Finance Commission believes that this condition might have been avoided by a better handling of the task of clearance.

There has been much complaint that trucks with plows attached were run over the same street many times without making much of a path; that on many streets the path made was wide enough to permit passage for only one vehicle at a time. There are many stories that plowmen kept the plow blade so high that after the first trip through a street the plow did not thereafter touch the snow. It was reported that many trucks used for plowing were in such poor shape that this was all that could reasonably be expected of them. The conditions throughout the City in the days following the storm confirm these criticisms.

Where the contractors worked removing snow, it was very evident that their work was motivated more by a desire to run up a big bill than to do a good job of clearance. They touched only the easily removable snow, leaving in many places a hard packed coating as much as six inches thick, which was not so easy to remove, for city emergency men to shovel away.

Routes to dumping places were not adequately plowed. The traffic tie-up which resulted delayed snow-loaded trucks, as well as all other traffic. Some meager effort was made to keep automobiles out of downtown streets until reasonable clearance was obtained, but little was accomplished in this direction. The plowed space in most streets was promptly used for parking cars.

It is obvious that the best possible plan of snow clearance will not work well unless the execution of the work is directed with good judgment. The timing of the plowing is very important. However, the equipment to which the plow is attached must be capable of pushing the plow through the snow or most of the fee paid for hire of trucks is wasted. Obstructions like parked cars only serve to help contractors obtain much for small accomplishment.

Although the City's record in handling this 1941 storm was far from perfect, it represented a substantial improvement over the performance of a year ago. It is to be expected that the lessons learned this year will bear fruit in the next test.

#### IV. THE FINANCIAL CONDITION OF THE CITY.

Inasmuch as the present administrative control in municipal affairs is entering upon its fourth and final year, it is timely while giving the financial picture as it exists at the end of the third year, to show the progress made during the past four years. Such period will include one year of the last administration. In some respects the City is better off than at the beginning of the present administration. In others, the picture is not so good. On the whole, the taxpayers, and particularly those interested in the future of the City, have much to worry about.

As has been customary for several years, the Commission here offers simply the final figures of maintenance cost, tax collections, property valuations and city



debt. Little comment is needed on any of these features of the financial picture. The figures speak for themselves.

### 1. MAINTENANCE EXPENSES.

Total maintenance cost of city departments, exclusive of the School Department, were higher by over \$600,000 than in any previous year of the present administration, and higher by \$1,600,000 than in the last year of the preceding administration. Because many are interested to know how maintenance expenses have varied in the three years of the present administration, and also how they compare with the situation in the last year of the preceding administration, the total charges for maintenance for those years are given herewith.

#### CITY MAINTENANCE EXPENDITURES.

	1937.	1938.	1939.	1940.
Total Maintenance.....	\$39,317,275	\$39,787,509	\$40,270,840	\$40,944,184
Welfare Expenditure Exclusive of Long Island Hospital Serv- ice.....	12,129,560	12,919,491	13,895,799	14,063,508
Maintenance, Exclusive of Wel- fare.....	27,187,715	26,868,018	26,375,040	26,880,576

In the foregoing comparison the item marked "welfare expenditures" includes disbursement through the Public Welfare Department for child welfare in the Institutions Department, through the Soldiers' Relief Department, and through all departments for the city's contribution to W. P. A. activities. The expenditure for maintenance of the infirmary and hospital at Long Island, and for the central office and the steamers which serve Long Island are included in the "Maintenance, Exclusive of Welfare" item. The picture changes slightly if allowance is made for an expenditure in 1940 charged to the Institutions Department for a new dormitory at Long Island, which is a capital expenditure. The amount so charged was \$44,744.55.

Besides revealing that total maintenance cost is still rising, other striking features of this exhibit are, first, that welfare expenditures were higher in 1940 than in any of the other three years, and, secondly that while maintenance expense for other municipal service was less in 1940 than it was in 1937, nevertheless, it was higher in 1940 than in 1938 or 1939. It will therefore be disappointing to many to learn that the gains made in 1938 and 1939 in reducing maintenance costs, exclusive of welfare, were wiped out in 1940, and that welfare cost continued on an upward swing despite improved general business conditions.

#### SCHOOL MAINTENANCE.

Cost of maintenance of the city's educational system has continued to decline. In each of the last three years, the final result was a smaller total cost than in the year preceding. The amount of these reductions may be seen in the following figures:

1937.	1938.	1939.	1940.
\$17,093,890	\$16,712,649	\$16,505,426	\$16,378,229

The decrease in maintenance cost has been slightly more than 4 per cent.

During this same period, the total pupil enrollment of the schools decreased as follows:

#### TOTAL ENROLLMENT.

1937.	1938.	1939.	1940.
131,635	127,005	123,924	120,447

The decrease in enrollment has been slightly more than 8 per cent.

#### COUNTY MAINTENANCE.

The maintenance cost of the County activities, which, in Suffolk County, are borne entirely by the City of

Boston with no contribution from Chelsea, Revere and Winthrop, have shown a \$90,000 reduction in 1940 from the cost in 1939. Nevertheless, they were higher in 1940 than in 1937 or 1938.

The figures of county maintenance follow:

1937.	1938.	1939.	1940.
\$3,601,538	\$3,583,795	\$3,724,485	\$3,634,754

In large measure the increase in the cost of maintenance of the enlarged county court house is responsible for the greater cost in 1940 than in 1937 and in 1938.

#### WATER SERVICE SURPLUS AND SUMNER TUNNEL DEFICIT.

Receipts for water service in 1940 were greater than the cost of supply, but the surplus was considerably less than in each of the preceding two years. On the other hand, the receipts in 1940 from tolls in the Sumner Tunnel to East Boston continued to show improvement.

#### WATER SERVICE BALANCE.

The net result of the operation of the water service in the past four years was as follows:

1937	\$54,399.27 — deficit
1938	\$654,998.45 — surplus
1939	\$866,683.12 — surplus
1940	\$418,454.34 — surplus

The above figures reveal that in each of the past three years the receipts have been substantially in excess of the costs. This has provoked the query in the City Council as to why the water rates should not now be reduced. Obviously water consumers should not be compelled to pay more than fair cost, but on the other hand City officials must not be too hasty in ordering reduction.

Under the statutes, water rates are intended to cover costs and no more. In fixing the rate to be paid by



consumers, the City must establish a rate which will insure the receipt of enough funds to pay cost of distribution, capital charges, metropolitan water assessment, and all other items properly chargeable to water consumers. Because all water users do not pay their bills promptly, and some do not pay them at all, it is necessary for the City to include in the rate charged a percentage to cover delinquency. Since the actual delinquency varies from year to year, and much of it is due to conditions which the City's agents cannot change, it can be expected that in some years there will be a surplus and in other years there will be a deficit. If the rate charged produces a sum greater than the cost, the surplus can only be used to retire debt. It must first be applied to water debt which has become due. Any sum left over may be used to retire any other city debt.

If the receipts were to continue indefinitely to exceed the costs as they have done in the last three years, obviously it would be proper to reduce the rates. But the receipts of last year for last year's service were not greater than last year's costs. The total amount charged water users in 1940 was \$4,654,015.22. The amount received on this account to December 31, 1940, was \$3,591,916. At the end of the fiscal year, therefore, the amount of the 1940 assessments actually received was more than \$1,000,000 short of the total assessment. The surplus was brought about by the fact that in 1940 more than \$1,000,000 was received from water users who were delinquents at the beginning of the year. During the past two years extra effort has been made to collect the over-due charges. To a great extent this extra effort is responsible for the better financial picture at the end of each of the last three years. It is noteworthy that in 1939 when the drive for the collection of the old accounts was at its peak, the surplus at the end of the year was more than twice the amount of the surplus in 1940. It is likely that the surplus at the end of 1941 will be much less again, if there is any surplus at all. Old accounts are now pretty well liquidated.

In the five years previous to 1938 there was a substantial deficit in each year. The slow accounts of those years have now been brought up to date in great part. From now on it will require greater diligence to make receipts for water meet the costs of supply of it even if no tendency develops to fall back into the condition which obtained previous to 1938. Therefore, it cannot yet be clearly seen that the water rates should be reduced.

#### SUMNER TUNNEL.

The receipts from tolls collected in the Sumner tunnel came a little nearer meeting cost of operation and financing charges than in previous years. The situation at the end of each of the last four years was as follows:

1937	. . . . .	\$453,479 — deficit
1938	. . . . .	\$437,808 — deficit
1939	. . . . .	\$365,045 — deficit
1940	. . . . .	\$305,525 — deficit

The receipts in 1940 amounted to \$960,384.66. Operative costs amounted to \$229,635.64, and debt charges to \$1,036,254.75, making total charges for operation and debt of \$1,265,909.89. The charges, therefore, were \$305,525.23 in excess of receipts. During the year, the City received a contribution of \$50,000 from the State on account of the deficit in 1939, and under proposed legislation will receive another contribution of \$50,000 in 1941 on account of the 1940 deficit.

#### 2. TAX COLLECTIONS.

The City made a substantial gain in collection of assessments on real and personal property during the year 1940. In the years previous to the depression, a total collection as of December 31 of approximately 85 per cent of the current levy was regarded as normal. During the worst of the depression years, the lowest level in percentage reached within the similar period was 69.796 per cent. Although collections in 1940 were still much below the normal percentage of the pre-depression

era, yet they were better than in any year since the depression began. The gradual improvement in the past four years is shown in the following table:

	1937.	1938.	1939.	1940.
Levy.....	\$61,554,079	\$64,031,829	\$60,839,759	\$60,219,318
Amount of above levy collected to December 31.	\$44,884,858	\$50,059,439	\$47,318,649	\$48,306,029
Percentage collected.....	72.331	77.460	77.102	79.512
Amount of earlier levies collected in.	\$9,365,452	\$10,549,555	\$9,530,959	\$9,812,534
Motor vehicle excise tax collected.	\$885,994	\$952,138	\$877,268	\$1,003,636

As was true in 1939, the total of collections in 1940 suffered from the fact that the City was unable to collect 70 per cent of the assessments levied on the South Station property and 100 per cent of those levied against the Old Colony Railroad and the Boston and Providence Railroad. Had these assessments been collected, they would have made a difference of approximately one per cent in the total collected. A recent decision of the Supreme Court of the United States (*Palmer v. Webster & Atlas National Bank of Boston*, Trustee, decided February 3, 1941) postpones indefinitely the likelihood of collecting these taxes unpaid on the South Station property and indicates that the obligation to pay them rests upon the Boston and Providence and Old Colony Railroads only. From the point of view of ever receiving these taxes in cash, the outlook for the City is not promising.

A striking feature of the above figures is that in 1940 the volume of collections of the current levy was approximately \$1,000,000 more than the volume collected in 1939 of the current levy, although the levy in 1940 was approximately \$600,000 less than the 1939 levy. Other striking features were the larger volume of taxes assessed in the years previous to 1940 collected in 1940, and the greater yield from the motor vehicle excise tax.

## CITY VALUATION.

The total property valuation which was used in computing the tax rate again declined in 1940. It was the tenth year in succession in which the property valuation was less than in the preceding year, the all-time high having been reached in 1930 when the figures were \$1,972,148,200. The progress downward of valuation figures in the last four years has been as follows:

1937.	1938.	1939.	1940.
\$1,590,544,700	\$1,550,407,500	\$1,524,806,000	\$1,483,234,500

The reduction in 1940 was the largest in any of the four years shown. As a matter of fact, it was the largest reduction since 1934. In the opinion of many competent authorities, valuations on the whole are still too high and will be substantially reduced as the State Board of Tax Appeals continues to file decisions on pending cases. Abatements granted by the assessors or ordered by the State Board of Tax Appeal after the tax rate was declared reduced the valuation used in tax rate computation by approximately \$5,300,000, which compares with similar reductions in 1939 of approximately \$9,000,000.

The total of warrants and appropriations used in the tax rate computation was less in 1940 than in 1939 by approximately \$520,000, which accounts to that extent for the reduction of approximately \$620,000 in the total amount to be raised by taxation which has been previously shown in this report.

New construction authorized by permit from the Building Department, according to the values as given in applications, amounted to \$7,006,527. While this total was almost \$1,000,000 greater than the corresponding total of 1938, it was over \$6,000,000 less than the corresponding total of 1939.



This substantial decrease is attributed to the fact that the 1939 figures included the valuations of four housing projects for which permits were issued in that year. The 1940 figures include the valuation of only one additional housing project. Without the lift given in these calculations by the Federal Housing Projects for which permits were given in 1939, the figures of valuation of new construction in that year would have been \$10,500,000 less than the gross total valuation. The valuation as given in the application for a permit for the one housing project of 1940 was \$744,413. Analyzing these figures reveals that building by private parties, as shown by the applications for permits filed, was approximately 125 per cent greater in 1940 than in 1939.

#### CITY DEBT.

The city debt situation continued to show improvement. The net outstanding obligations on December 31, 1940 were almost \$6,000,000 less than on the corresponding date in 1939. The figures of outstanding net obligations follows:

	1937.	1938.	1939.	1940.
Net bonded debt.....	\$130,156,000	\$132,990,717	\$131,425,837	\$127,751,156
Tax notes.....	23,000,000	14,000,000	12,500,000	11,000,000
Tax title loans.....	7,260,000	8,863,065	7,627,051	6,919,859
	\$160,416,000	\$155,853,782	\$151,552,888	\$145,671,015

The above figures include the Suffolk County debt, which Boston alone pays, and the water, traffic tunnel, and rapid transit debt.

The relation of the net debt, exclusive of enterprise debt, to assessed valuation was 4.52 per cent in 1940, a reduction of only .07 of 1 per cent from the 1939 figure. In the year 1929, when the depression began, the relation was 2.99 per cent. Valuations have steadily declined in the past 10 years, while net debt has increased almost \$10,000,000.

The relation of the total net debt (city, county, and enterprise debt included) on December 31, 1940, to 1940 valuation was 8.61 per cent as compared with 8.62 per cent in 1939 and 5.23 per cent in 1929.

Although the net debt burden the City is now carrying is approximately \$8,000,000 less than when the peak was reached in 1933, the wealth of the City as expressed in assessments on taxable property has decreased \$300,000,000 in the same period.

In 1940, the City retired bonded debt in the amount of \$9,906,000.

In 1941, the amount coming due totals \$9,558,000.

Mr. Lasker approves this report insofar as it is not inconsistent with his minority report of the investigation of the Police Department.

The reports adopted by the Commission in 1940 follow:

1. Feb. 7, 1940. To the Governor of the Commonwealth. Relative to the authority and duties of the numerous officials having jurisdiction over Charles Street Jail and recommending that an over-hauling of the statutes be undertaken so that the extent of responsibility on individual officials may be clearly defined.
2. March 27, 1940. To the Mayor and City Council regarding the work performed by the City's agencies in clearance of city streets after the St. Valentine's Day snow-storm.
3. April 29, 1940. To the Lieutenant Governor of the Commonwealth. Regarding the propriety of the deficit payment to the Boston Elevated Railway Company.
4. May 22, 1940. To the Mayor. Recommending that the laundering service for the City be consolidated under the control of the Park Department in the present city hospital plant.
5. June 19, 1940. To the Mayor. Relating to the cost of the police department in Boston and showing (1) the relation of that cost to the cost of other public service in Boston and (2) a comparison of the police cost in Boston with the cost in the eight other leading cities of the country.
6. Aug. 19, 1940. To the City Council. Regarding a permit for a poultry slaughterhouse at No. 11 Lewis Street, East Boston.

7. Aug. 28, 1940. To the Mayor. Regarding a contract to C. J. McCarty & Company, Inc., for the purchase of an Ingersoll-Rand compressor for the Traffic Department.
8. Dec. 30, 1940. To the Mayor. Regarding the cost of police service in the City of Boston and discussing the organization of the Police Department under a single police commissioner.

Respectfully submitted,

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JAMES E. MAGUIRE,  
DAVID LASKER,  
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ELIAS F. SHAMON,

*The Finance Commission.*

ROBERT E. CUNNIFF,  
*Secretary*